17 September 2018

Supply Well Diamond Drilling Commences

- **Diamond Drilling has commenced at FLTEM target PRC10B**
- **Three plates (minimum) to be tested by diamond drilling**

Caeneus Minerals Ltd (ASX: CAD) (or "the Company") is pleased to announce that diamond drilling has commenced at the Pardoo – Supply Well Project.

The diamond rig has moved 10 meters N/E of the 146m RC hole PRC10B which was abandoned prior to intersecting the first modelled vertical EM plate due to drill rods being stuck in challenging geological conditions.

The diamond rig has mud rotary drilled through this upper zone and commenced diamond core drilling from approximately 70m with HQ then NQ to and beyond the modelled target depth of 175 – 200 metres. Down hole EM is planned at the completion of drilling to explain and or expand the identified target zone/s.

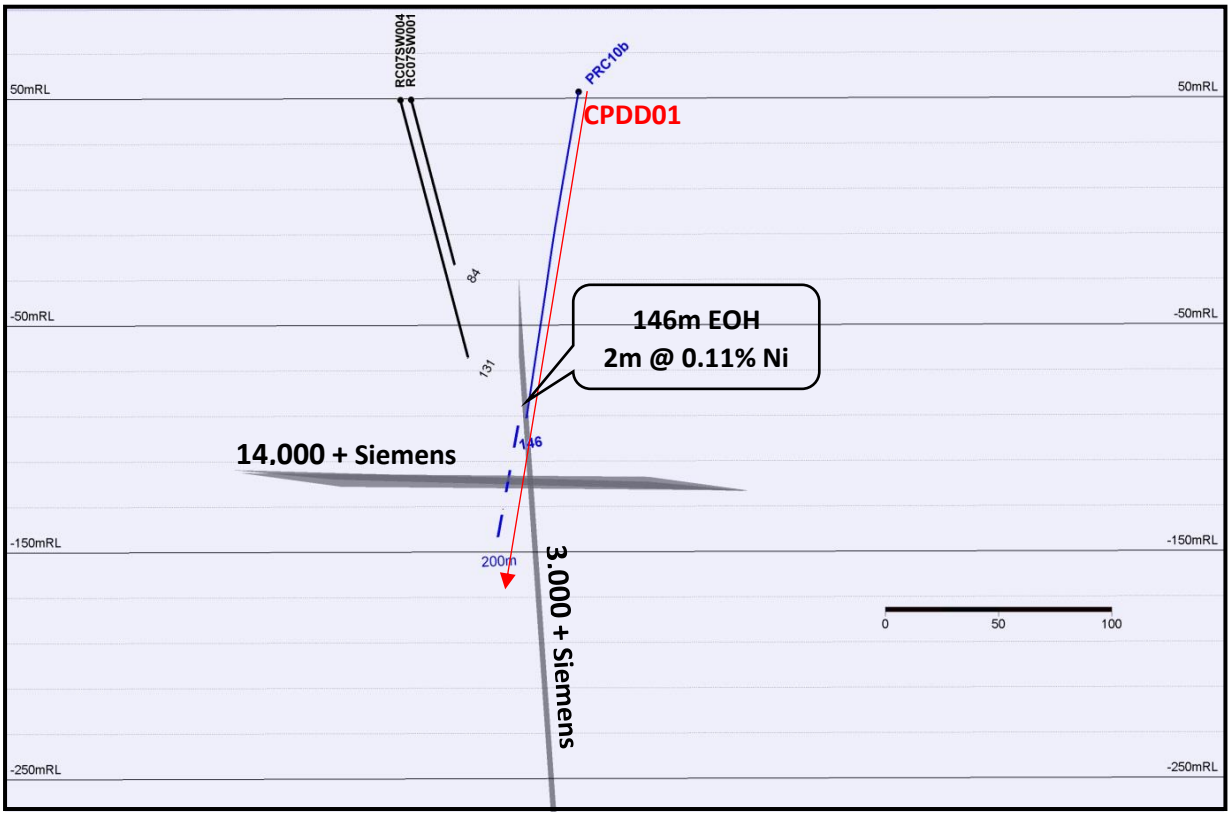

Figure 1. Caeneus RC drill hole PRC010B, historic RC drill holes x2 and planned CPDD01 (in red).

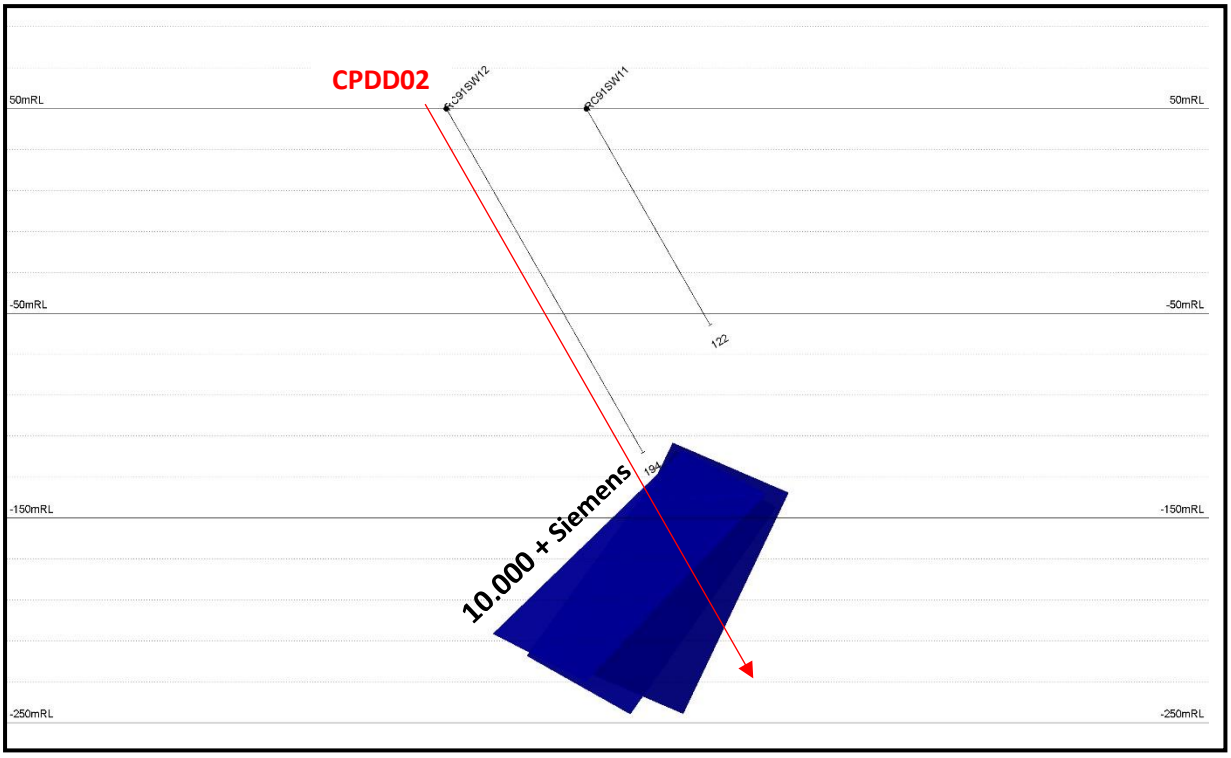

Figure 2. Historic RC drill holes and planned CPDD02 (in red).

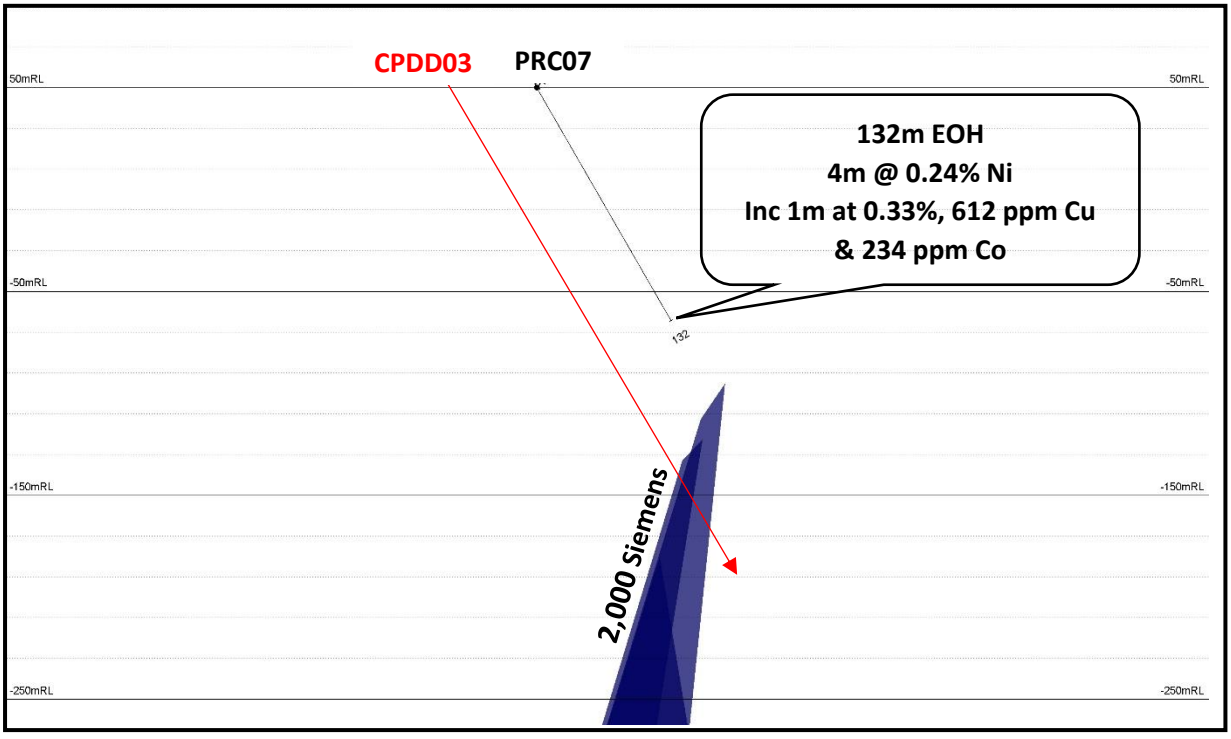

Figure 3. Caeneus RC drill hole PRC07 and planned CPDD03 (in red).

The Company looks forward to keeping the market updated with progress at this highly anticipated diamond drilling campaign at the Pardoo Project.

For and on behalf of the board

Johnathon Busing

Non-executive Director and Company Secretary

Caeneus Minerals Limited

Visit www.caneus.com.au for additional information including past announcements.

Competent Persons Statement

The information in this announcement that relates to Exploration Results and Mineral Resources has been compiled under the supervision of Mr Bill Oliver, a consultant to the Company. Mr Oliver is a Member of the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Oliver consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Forward Looking Statements Disclaimer

This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

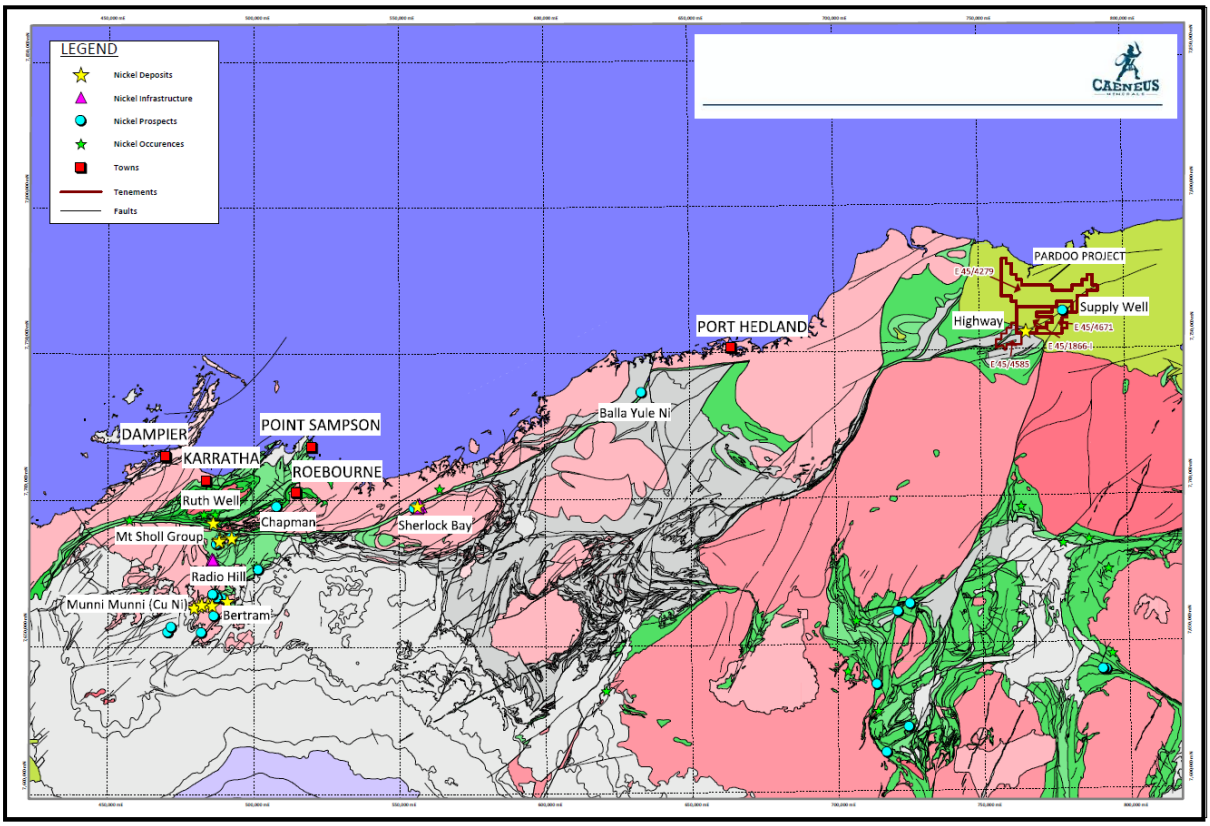

Figure 2. Caeneus tenure location, structure/geology and other known nickel/copper/cobalt deposits.

About Pardoo

The Company's Pardoo Highway Ni/Cu/Co deposit is situated in a similar structural setting, adjacent to the major regional Tabba Shear Zone which extends for some ~150km and is well endowed with multiple hydrothermal shear related gold deposits also, most notably De Grey Mining's (ASX: DEG) Indee Gold deposits' as well as other significant Pilbara based nickel-copper occurrences such as Radio Hill and Sherlock Bay (Figure 3) and is considered highly prospective for magmatic and shear-hosted nickel, copper and cobalt sulphide mineralisation.

The geology of the Pardoo Project is complex with package of deformed, sheared metasediments, metabasalts and other mafic lithologies. Historical reports accessed via the open file WAMEX system has recorded potential conductive sources including both sulphide-bearing intervals and shale units with anomalous nickel and zinc results being reported (Weir, 1990; Weir, 1991; Haederle et. al., 1992).

The Pardoo Projects are ideally located 90km east north-east of Port Headland Western Australia with the Great Northern Highway dissecting the Company's tenement package. The Highway deposit lies only 900m from the highway. The project area covers 434 square kilometres of prospective tenure.

Appendix 1 Caeneus Minerals Limited – Pardoo Project – Drilling JORC CODE 2012.

Section1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling technique	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used* • *Aspects of the determination of mineralisation that are material to the Public report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• **The Pardoo RC drilling using standard techniques – face sampling hammer and 5 ½" drill bit. One drill hole of six planned partly completed to 146m, planned depth was 250m for this hole (PRC10B). The drill hole collar at this stage of exploration was surveyed using a handheld GPS, with standard accuracy of +/- 5metres. Down hole surveys using a gyroscope.** • **Samples taken every 1m utilising a cone splitter to produce sub sample (retained and stored) and bulk sample (placed on ground for logging and composite sampling)** • **Cyclone cleaned every rod and also when blocked** • **Composite 4m samples taken by spear sampling and submitted to ALS Global Laboratories in Perth for analysis for elements as detailed below.** • **Composite sampling will solely be used to determine intervals for submission of 1m samples.** •
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method etc.).*	• **Reverse circulation drilling using face sampling hammer**

Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed* • *Measurements taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• **RC recovery was assessed by subjective assessment based on volume recovered. RC recoveries were observed to be generally acceptable with recoveries typically 80% or greater. RC recovery information is recorded in the geologist logs and entered into the database.** • **RC sample recoveries were visually checked for recovery, moisture and contamination. The cyclone and splitter were routinely cleaned to minimise material build-up.** • **Available reports suggest that RC recovery was generally excellent and as such it is not expected that any such bias exists.**

	JORC Code explanation	**Commentary**
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.* • *The total length and percentage of the relevant intersections logged*	• **Drill chips logged geologically on 1m intervals and combined into intervals based on geological contacts** • **Logging is both qualitative (lithology, weathering, alteration) and quantitative (% sulphides, veining)**
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and wether quarter, half or all core taken.* • *If non-core, whether riffles, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• **Not core samples** • **RC samples were collected from the full recovered interval at the drill rig by a cone splitter. All samples were collected dry with a minor number being moist due to ground conditions or associated with rod changes when drilling below water table..** • **No duplicates have been taken to date due to the preliminary nature of the sampling. These will be taken from the 1m sample stream.**

Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• **Analysis methods are standard for Ni-Cu mineralisation using an accredited laboratory (ALS Global).** • **Sample preparation technique includes drying ovens that are controlled to a maximum temperature of 60ºC, fine crushing to a nominal topsize of 2mm, riffle split sample to maximum of 3kg and pulverise split to 85% passing 75 microns. Retain and bag unpulverised reject.** • **Analysis methods are ALS code ME-MS61 for 48 elements including those quoted in Tables1 and 2 using mass spectrometer and PGM-ICP24 for Au, Pt, Pd utilising ICP.** • **XRFs are not being currently employed at the Pardoo Project.** • **Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in house procedures. These are inserted randomly at a rate of 1 in 30 with extra QC checks conducted after the initial analysis on specific samples deemed appropriate by the laboratory. No bias has been detected, field duplicate precision was reasonable, considering the geological type, lab pulp repeats were quite good and there was no failure of the small population of CRMS submitted.**

	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes* • *Documentation of primary data, data entry procedures, data verification, data storage (physically and electronic) protocols.* • *Discuss any adjustment to assay data.*	• **Significant intercepts have been reviewed in the available data by senior geological staff and independent consultants.** • **No twinned holes at this stage** • **Data collected on site and entered into Excel spreadsheets by geologist technician daily. Emailed back to Company regularly.** • **Adjustments made to the assay data at this stage have been N/A.**
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resources estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• **Holes have been located using handheld GPS with an accuracy of +/- 5 metres.** • **Topographic control is based on topographic data derived from public data.** • **All data is collected in MGA94 Zone 50 and these coordinates are used in diagrams shown.**
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Reserve and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• **Data is not regularly spaced, as holes are testing geophysical targets**
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• **Drilling oriented perpendicular to modelled geophysical targets. Relationship to stratigraphy not well understood – certain targets parallel to stratigraphy, others crosscut stratigaphy. Drilling results will aid further interpretation.**

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	JORC Code explanation	Commentary
Sample security	• *The measures taken to ensure sample security.*	• **Assay samples to date have been delivered directly to ALS Global by company senior management.**
Audits or reviews	• *The results of and audits or reviews of sampling techniques and data.*	• **No audits have been undertaken at this time.**

Section2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenements and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interest, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• **Tenement E 45/4585, E 45/1866-I and E45/4671. Pilbara mineral field. The tenement is 100% held by Caeneus Minerals Ltd** • **The tenure is secure and in good standing at the time of writing**
Exploration done by other parties	• *Acknowledgement and appraisal of exploration by other parties.*	• **The Pardoo Nickel Project was explored by CRA Exploration Pty Ltd (CRAE), Segue resources (Segue) and Mithril Resources (Mithril). Previous exploration has primarily focused in the known Highway deposit with drilling completed by CRAE, Segue and Mithril along with various geophysical surveys. Caenus is currently exploring the Supply Well prospect located 20km East of Highway. CRA Exploration Pty Ltd carried out numerous RC and diamond drilling campaigns at Supply Well targeting geophysics anomalies generated in the late 1980,s and early 1990's. Segue also detected geophysical anomalies in their exploration however drilling was unsuccessful at reaching target depths.**
Geology	• *Deposit type, geological settings and style of mineralisation.*	• **Caeneus Minerals is exploring primarily for magmatic hosted Ni-Cu sulphide.**

Drill hole information	• *A summary of all information material for the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *Easting and northing of the drill hole collar* ○ *Elevation or RL (Reduced level-elevation above sea level in metres)and the drill hole collar* ○ *Dip and azimuth of the hole* ○ *Down hole length and interception depth* ○ *Hole length*	• **Hole PRC10B; 779925 E and 7763690 N, 225 Azimuth, Dip of 75 degrees, the end of hole depth was prematurely terminated due to blocked rods in paleochannel running sands at 146m. the planned end of hole was 250m.**

Criteria	JORC Code explanation	Commentary
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* •	
Data aggregation methods	• *In reporting Exploration results, weighing averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.* •	• **Results quoted are individual samples, no aggregation has been carried out.**
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known')* •	• **Drilling results presented are downhole lengths.** • **Relationship to true width is not known at this time.**
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts would be included for any significant discovery being reported. These should include, but not be limited too plan view of drill hole collar locations and appropriate sectional views.*	• **Appropriate plans have been included in the body of the report**

Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• **All material results are presented in Table 1 and 2. Note that assays have returned anomalous levels of Ni-Cu-Co rather than mineralised levels.**
Criteria	**JORC Code explanation**	**Commentary**
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations, geophysical survey results, geochemical survey results, bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or containing substances.*	• **Historical exploration by other parties included drilling and geophysical surveys. The company has access to this data and is utilising it in designing its exploration programmes. The Company announced on the 26th July that its High Powered Fixed Loop Electromagnetics (FLEM) survey was complete. Final processing and modelling conducted by Southern Geoscience has confirmed the presence of 7 previously untested conductors within historic (2006) Versatile Time-Domain Electromagnetic (VTEM) targets. The VTEM targets were generated from a survey in September 2006 and have attracted previous surface EM surveys and drilling campaigns. The latest High Power FLEM survey completed by Vortex Geophysics outdates historic EM systems used in the Pardoo Project area as the latest ground EM technology has significantly higher power and signal to noise ratio. As a result the latest survey has better defined the bedrock conductors and enabled more robust plate models to be designed for forthcoming drill**

		testing. Current work is focussing on integrating historical geological information with the EM plate models to rank their prospectivity.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, providing this information is not commercially sensitive.*	• **Further work will be the commencement of diamond drilling replacing the RC drill rig. It is anticipated that the surface paleochennel material will be cased off and core (HQ & NQ) will be collected from fresh rock at approximately 70 meters. Down hole guyro surveys will be utilised throughout the diamond hole to track its path so that the optimum target is reached. Down hole geophysics (DHEM) will be completed at the end of each hole, either to map discovered mineralisation or to map if the DHEM response is off the drilled hole.**